



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 4, 2000

### **S. 2778**

### **No Oil Producing and Exporting Cartels Act of 2000**

*As reported by the Senate Committee on the Judiciary on September 21, 2000*

S. 2778 would prohibit foreign states from working collectively to limit the production, set the price, or otherwise restrain the trading of petroleum and natural gas when such actions affect U.S. markets. The bill would authorize the Department of Justice (DOJ) and the Federal Trade Commission (FTC) to enforce this legislation by filing antitrust actions in federal courts. The bill also provides that foreign states that are restraining trade in petroleum and natural gas would not be immune under the doctrine of sovereign immunity from the judgments of U.S. courts.

CBO cannot estimate the cost of implementing S. 2778 because we cannot assess the likelihood that the two agencies would investigate alleged violations or estimate the extent of such investigations. Based on information from FTC and DOJ and on the costs of recent investigations of alleged antitrust violations, CBO estimates that investigations under S. 2778 could cost up to \$3 million a year, subject to the availability of appropriated funds.

S. 2778 could result in the collection of additional criminal or civil penalties. Collections of criminal fines are recorded in the budget as governmental receipts (revenues), which are deposited in the Crime Victims Fund and spent in subsequent years. Civil fines are also recorded as governmental receipts. Because the bill could affect direct spending and receipts, pay-as-you-go procedures would apply. However, CBO cannot estimate the impact on direct spending or receipts because we cannot determine whether DOJ and FTC would file suit against alleged violators, whether the agencies would win such legal action, or the size of any penalties that might be issued by the federal courts.

This legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Ken Johnson. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.